

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended and P.A. 71 of 1919, as amended.

Local Unit of Government Type <input type="checkbox"/> County <input type="checkbox"/> City <input checked="" type="checkbox"/> Twp <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Unit Name TOWNSHIP OF QUINCY	County BRANCH
Fiscal Year End 3/31/06	Opinion Date 11/28/06	Date Audit Report Submitted to State 1/2/07	

We affirm that:

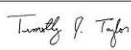
We are certified public accountants licensed to practice in Michigan.

We further affirm the following material, "no" responses have been disclosed in the financial statements, including the notes, or in the Management Letter (report of comments and recommendations).

- YES NO Check each applicable box below. (See instructions for further detail.)
- ☒ ☐ All required component units/funds/agencies of the local unit are included in the financial statements and/or disclosed in the reporting entity notes to the financial statements as necessary.
  - ☐ ☒ There are no accumulated deficits in one or more of this unit's unreserved fund balances/unrestricted net assets (P.A. 275 of 1980) or the local unit has not exceeded its budget for expenditures.
  - ☒ ☐ The local unit is in compliance with the Uniform Chart of Accounts issued by the Department of Treasury.
  - ☐ ☒ The local unit has adopted a budget for all required funds.
  - ☒ ☐ A public hearing on the budget was held in accordance with State statute.
  - ☒ ☐ The local unit has not violated the Municipal Finance Act, an order issued under the Emergency Municipal Loan Act, or other guidance as issued by the Local Audit and Finance Division.
  - ☒ ☐ The local unit has not been delinquent in distributing tax revenues that were collected for another taxing unit.
  - ☒ ☐ The local unit only holds deposits/investments that comply with statutory requirements.
  - ☒ ☐ The local unit has no illegal or unauthorized expenditures that came to our attention as defined in the *Bulletin for Audits of Local Units of Government in Michigan*, as revised (see Appendix H of Bulletin).
  - ☒ ☐ There are no indications of defalcation, fraud or embezzlement, which came to our attention during the course of our audit that have not been previously communicated to the Local Audit and Finance Division (LAFD). If there is such activity that has not been communicated, please submit a separate report under separate cover.
  - ☒ ☐ The local unit is free of repeated comments from previous years.
  - ☐ ☒ The audit opinion is UNQUALIFIED.
  - ☒ ☐ The local unit has complied with GASB 34 or GASB 34 as modified by MCGAA Statement #7 and other generally accepted accounting principles (GAAP).
  - ☒ ☐ The board or council approves all invoices prior to payment as required by charter or statute.
  - ☐ ☒ To our knowledge, bank reconciliations that were reviewed were performed timely.

If a local unit of government (authorities and commissions included) is operating within the boundaries of the audited entity and is not included in this or any other audit report, nor do they obtain a stand-alone audit, please enclose the name(s), address(es), and a description(s) of the authority and/or commission.

I, the undersigned, certify that this statement is complete and accurate in all respects.

<b>We have enclosed the following:</b>	Enclosed	Not Required (enter a brief justification)	
Financial Statements	<input checked="" type="checkbox"/>		
The letter of Comments and Recommendations	<input checked="" type="checkbox"/>		
Other (Describe)	<input type="checkbox"/>		
Certified Public Accountant (Firm Name) RUMSEY & WATKINS, P.C.		Telephone Number 517-279-7931	
Street Address 20 TIBBITS PLAZA		City COLDWATER	State MI
Zip 49036			
Authorizing CPA Signature 	Printed Name TIMOTHY J. TAYLOR	License Number 1101015828	

**TOWNSHIP OF QUINCY  
BRANCH COUNTY, MICHIGAN**

**FINANCIAL STATEMENTS**

**MARCH 31, 2006**

## CONTENTS

	<u>Page</u>
<b>Report Letter</b>	1-2
<b>Basic Financial Statements</b>	
Fund Financial Statements:	
Governmental Funds:	
Balance Sheet	3
Statement of Revenues, Expenditures, and Changes in Fund Balance	4
Fiduciary Fund	
Statement of Fiduciary Net Assets	5
<b>Notes to Financial Statements</b>	6-12
<b>Required Supplemental Information</b>	
Budgetary Comparison Schedule – General Fund	13-14
Budgetary Comparison Schedule – Revolving Loan Fund	15
Notes to Required Supplemental Information	16
<b>Other Supplemental Information</b>	
General Fund:	
Statement of expenditures compared to budget	17
Fiduciary Fund:	
Combining statement of Net Assets	18

# **Rumsey & Watkins, P.C.**

**Certified Public Accountants and Business Advisors**

20 Tibbits Plaza \* Coldwater, Michigan 49036

Phone (517) 279-7931 \* Fax (517) 278-7087

## **INDEPENDENT AUDITOR'S REPORT**

**To the Members of the Township Board  
Township of Quincy  
Branch County, Michigan**

**November 28, 2006**

We have audited the accompanying financial statements of each major fund of the Township of Quincy as of and for the year ended March 31, 2006, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Township's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit, also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The accompanying financial statements do not present government-wide financial statements to display the financial position and changes in the financial position of its governmental activities. Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. The amounts that would be reported in government-wide financial statements for the Township's governmental activities are not reasonably determinable.

In our opinion, because of the effects of the matter discussed in the preceding paragraph, the financial statements referred to above do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township of Quincy as of March 31, 2006 or the changes in its financial position for the year then ended.

**To the Members of the Township Board  
Township of Quincy  
Branch County, Michigan**

**November 28, 2006**

The budgetary comparison schedules, as identified in the table of contents, are not a required part of the basic financial statements but are supplemental information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management, regarding the methods of measurement and presentation of the required supplemental information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Township of Quincy's basic financial statements. The accompanying other supplemental information, as identified in the table of contents, is presented for the purpose of additional analysis is not a required part of the basic financial statements. The other supplemental information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

The accompanying financial statements do not include a management's discussion and analysis, which would present an analysis of the financial performance for the year. The Governmental Accounting Standards Board has determined that this analysis is necessary to supplement, although not required to be a part of, the basic financial statements.

A handwritten signature in cursive script that reads "Rumsey & Watkins P.C.".

**RUMSEY & WATKINS, P.C.**

**TOWNSHIP OF QUINCY**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET**  
**MARCH 31, 2006**

	<b>General Fund</b>	<b>Revolving Loan Fund</b>	<b>Total Governmental Funds</b>
<b>ASSETS</b>			
Cash and cash equivalents	\$ 225,988	\$ -	\$ 225,988
Investments	225,282	-	225,282
Taxes receivable	11,344	-	11,344
Special assessment receivable	471	-	471
Due from other funds	5,710	-	5,710
Prepaid expenses	3,213	-	3,213
Restricted assets:			
Cash	-	67,195	67,195
Investments	-	9,311	9,311
Notes receivable	-	1,001	1,001
	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 472,008</u>	<u>\$ 77,507</u>	<u>\$ 549,515</u>
<b>LIABILITIES AND FUND BALANCE</b>			
<b>LIABILITIES</b>	\$ -	\$ -	\$ -
<b>FUND BALANCE</b>			
Reserved	-	77,507	77,507
Undesignated	472,008	-	472,008
	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balance	<u>472,008</u>	<u>77,507</u>	<u>549,515</u>
	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balance	<u>\$ 472,008</u>	<u>\$ 77,507</u>	<u>\$ 549,515</u>

See Notes to Financial Statements

**TOWNSHIP OF QUINCY**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED MARCH 31, 2006**

	<b>General Fund</b>	<b>Revolving Loan Fund</b>	<b>Total Governmental Funds</b>
<b>REVENUES</b>			
Taxes	\$ 95,457	\$ -	\$ 95,457
Tax administration fee	32,136	-	32,136
Special assessments	10,607	-	10,607
Licenses and permits	25,716	-	25,716
State shared revenue	183,029	-	183,029
Charges for services	7,410	-	7,410
Interest earned	16,899	1,430	18,329
Reimbursements	8,604	-	8,604
Other	66	-	66
	<hr/>	<hr/>	<hr/>
Total revenues	379,924	1,430	381,354
<b>EXPENDITURES</b>			
General government	285,345	-	285,345
Public safety	54,680	-	54,680
Public works	25,005	-	25,005
Cultural	24,418	-	24,418
	<hr/>	<hr/>	<hr/>
Total expenditures	389,448	-	389,448
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues over expenditures	(9,524)	1,430	(8,094)
<b>OTHER SOURCES</b>			
Transfers from other funds	2,800	-	2,800
	<hr/>	<hr/>	<hr/>
Excess (deficiency) of revenues and other sources over expenditures	(6,724)	1,430	(5,294)
<b>FUND BALANCE - BEGINNING</b>	478,732	76,077	554,809
	<hr/>	<hr/>	<hr/>
<b>FUND BALANCE - ENDING</b>	\$ 472,008	\$ 77,507	\$ 549,515
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

See Notes to Financial Statements

**TOWNSHIP OF QUINCY**  
**FIDUCIARY FUND**  
**STATEMENT OF FIDUCIARY NET ASSETS**  
**MARCH 31, 2006**

	<u><b>Agency Funds</b></u>
<b>ASSETS</b>	
Cash	\$ 1,301
Restricted assets:	
Cash	3,400
Investments	<u>83,900</u>
Total assets	<u><u>\$ 88,601</u></u>
<b>LIABILITIES</b>	
Due to other funds	\$ 5,710
Due to other governmental units	<u>791</u>
Total liabilities	6,501
<b>NET ASSETS</b>	
Private Purpose Trust Fund	<u>82,100</u>
Total liabilities and net assets	<u><u>\$ 88,601</u></u>



**TOWNSHIP OF QUINCY**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2006**

**NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Township of Quincy conform to generally accepted accounting principles of the United States of America as applicable to governmental units. The following is a summary of the significant accounting policies:

**REPORTING ENTITY:**

The Township operates under an elected board of five members and provides primarily fire protection and road maintenance and construction to the local residents. The financial statements have been prepared in accordance with criteria established by the Governmental Accounting Standards Board for determining the various governmental organizations to be included in the reporting entity. The criteria includes oversight responsibility, scope of public service and special financing relationships. There were no component units considered, under this criteria, to be included in these financial statements.

**FUND FINANCIAL STATEMENTS:**

Separate financial statements are provided for governmental funds and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

**MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION:**

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenue is recognized as soon as it is both measurable and available. Revenue is considered to be available if it is collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Township considers revenues to be available if they are collected within 60 days of the end of the current fiscal period.

Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, claims and judgments are recorded when payment is due.

The Township reports the following governmental funds:

**General Fund** is the operating fund of the Township. It is used to account for all the Township's financial resources not required to be accounted for in another fund.

**Revolving Loan Fund** is used to account for funds received from a federal grant. The Township uses the proceeds to maintain a permanent loan fund to assist local business entities.

## TOWNSHIP OF QUINCY

### NOTES TO FINANCIAL STATEMENTS – Continued FOR THE YEAR ENDED MARCH 31, 2006

#### NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

##### **MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION: – Continued**

Additionally, the Township reports the following fund types:

**Agency Funds** are used to account for assets held in trust or as an agent for others. The Agency and Tax Collection Funds are custodial in nature, assets equal liabilities, and do not involve measurement of results of operations.

##### **ASSETS, LIABILITIES AND NET ASSETS**

**Cash and Investments** - Cash and cash equivalents include cash on hand, demand deposits, and short-term investments with a maturity of three months or less when acquired. Investments are stated at fair value.

**Capital Assets** - The Township implemented portions of the new financial model, as required by the provisions of GASB 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments ("GASB 34"). A portion of GASB No. 34 not implemented by the Township is the government-wide financial statements which display the full accrual financial position and changes in financial position of its government activities. Since the Township did not present government-wide financial statements, the governmental activities capital assets are not reported within the Township's financial statements as of March 31, 2006.

**Fund Balance** - In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**Accounting Change** - In June 1999, the Governmental Accounting Standards Board (GASB) issued Statement No. 34, Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments. The Township has implemented portions of GASB 34.

However, the Township did not present government-wide financial statements to display the financial position and changes in financial position using full accrual accounting for all the Township's activities. These statements would present the Township's governmental activities. In addition, the Township did not include a management's discussion and analysis, which would present an analysis of the financial performance for the year.

## **TOWNSHIP OF QUINCY**

### **NOTES TO FINANCIAL STATEMENTS – Continued FOR THE YEAR ENDED MARCH 31, 2006**

#### **NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued**

##### **ASSETS, LIABILITIES AND NET ASSETS – Continued**

##### **Accounting Change – Continued**

Accounting principles generally accepted in the United States of America require the presentation of government-wide financial statements. The amounts that would be reported in the government-wide financial statements for the Township's governmental activities are not reasonably determinable. The Governmental Accounting Standards Board has determined that the management's discussion and analysis is necessary to supplement, although not required to be part of, the basic financial statements.

Because of the effects of the matter discussed in the preceding paragraphs, the Township's financial statements do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Township of Quincy as of March 31, 2006 or the changes in its financial position for the year then ended.

##### **BASIS OF BUDGETING:**

The Township adopted their annual budget for the General Fund based on the modified accrual method of accounting. Expenditures were estimated by functional level. The Township did not include a beginning fund balance within the approved budget. The Township did not adopt an annual budget for the Revolving Loan Fund. Once a budget is approved it can be amended at the functional level. Amendments are presented to the Board at their regular meetings. Each amendment must have Board approval. Such amendments are reflected in the official minutes of the Board, and are not made after fiscal year end as dictated by law. No revisions to the budget were made during the year.

##### **ENCUMBRANCE ACCOUNTING:**

Encumbrances are not liabilities and, therefore, are not recorded as expenditures until receipt of material or service. For budgetary purposes, appropriations lapse at fiscal year end and outstanding encumbrances at year end may be reappropriated in the next year. No reservation of fund balance equal to outstanding encumbrances at year end is required.

##### **USE OF ESTIMATES:**

The Township uses estimates and assumptions in the preparation of the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported revenue and expenditures.

## TOWNSHIP OF QUINCY

### NOTES TO FINANCIAL STATEMENTS – Continued FOR THE YEAR ENDED MARCH 31, 2006

#### NOTE B - DEPOSITS AND INVESMENTS

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in accounts of Federally insured banks, credit unions, and savings and loan associations; bonds, securities and other direct obligations of the United States, or any agency or instrumentality of the United States which the principal and interest is fully guaranteed by the United States, including securities issued or guaranteed by the Government National Mortgage Association; United States government of Federal agency obligation repurchase agreements; bankers' acceptance of United States banks; commercial paper rated by two standard rating agencies within the three highest classifications, which mature not more than 270 days after the date of purchase, and which involve no more than 50 percent of any one fund; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Michigan law prohibits security in the form of collateral, surety bonds, or other forms for the deposit of public money. Attorney General's Opinion No. 6168 states that public funds may not be deposited in financial institutions located in states other than Michigan.

The Township has designated financial institutions for the deposit of Township funds and has authorized the investment in certificates of deposit. The accounts maintained are checking, savings and certificates of deposit and are in accordance with statutory authority. The interest rates of the checking and savings accounts are at variable daily rates. The certificates of deposit are currently earning interest rates of 2.50% to 4.37%.

Investments consist of certificate of deposits with an original maturity date of greater than three months. The investments are carried at cost which approximates market value.

Cash and investments, as of March 31, 2006, are classified in the accompanying financial statement as follows:

Governmental Funds	
Cash (including restricted)	\$ 293,183
Investments (including restricted)	<u>234,593</u>
Total Governmental Funds	527,776
Fiduciary Funds	
Cash (including restricted)	4,701
Investments (including restricted)	<u>83,900</u>
Total Fiduciary Funds	<u>88,601</u>
Total cash and investments	<u><u>\$ 616,377</u></u>

## **TOWNSHIP OF QUINCY**

### **NOTES TO FINANCIAL STATEMENTS – Continued FOR THE YEAR ENDED MARCH 31, 2006**

#### **NOTE B - DEPOSITS AND INVESMENTS - Continued**

**Interest rate risk** – In accordance with its investment policy, the Township will minimize interest rate risk, which is the risk that the market value of securities in the portfolio will fall due to changes in the market interest rates, by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations, thereby avoiding the need to sell securities in the open market and investing operating funds primarily in shorter-term securities, liquid asset funds, money market mutual funds, or similar investment pools and limiting the average maturity in accordance with the Township's cash requirements.

**Credit risk** – State law limits investments in commercial paper and corporate bonds to a prime or better rating issued by nationally recognized statistical rating organizations (NRSROs). The Township does not allow direct investment in commercial paper or corporate bonds.

**Concentration of credit risk** – The Township will minimize concentration of credit risk, which is the risk of loss attributed to the magnitude of the Township's investment in a single issuer, by diversifying the investment portfolio so that the impact of potential losses from any one type of security or issuer will be minimized.

**Custodial credit risk for deposits** – In the case of deposits, this is the risk that in the event of a financial institution failure, the Township's deposits may not be recovered. As of March 31, 2006, \$449,077 of the Township's bank balance of \$627,763 was exposed to custodial credit risk because it was uninsured and uncollateralized. Certificates of deposit and money market accounts are included in the above totals.

**Foreign currency risk** – The Township is not authorized to invest in investments which have this type of risk.

#### **NOTE C – TAXES RECEIVABLE**

The Township is a general law township and levies property taxes on December 1 of each year. They are collected by the Township's treasurer from December 1 to February 28.

Taxes receivable represent real property taxes and administrative fees returned delinquent to the County of Branch. The real property taxes and administrative fees in the amount of \$11,344 were paid to the Township by the County of Branch in April 2006.

## **TOWNSHIP OF QUINCY**

### **NOTES TO FINANCIAL STATEMENTS – Continued FOR THE YEAR ENDED MARCH 31, 2006**

#### **NOTE D – SPECIAL ASSESSMENT RECEIVABLE**

A special assessment district has been established for local road improvements. The General Fund of the Township is financing the construction and assessing the particular residents their cost of the improvements over a five year period plus 6% interest on the outstanding balance. In accordance with GASB #6, the special assessment receivable has been recorded in the general fund. The special assessment receivable, at March 31, 2006, can be summarized as follows:

Delinquent	<u>\$ 471</u>
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The delinquent amount was paid to the Township by the County of Branch in April 2006.

#### **NOTE E – DUE FROM (TO) OTHER FUNDS**

The due from other funds, at March 31, 2006, for the Township are as follows:

General Fund:

Due from Tax Collection Fund	\$ 510
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Due from Cemetery Fund	<u>5,200</u>
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Total due to General Fund	<u>\$ 5,710</u>
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#### **NOTE F – TRANSFER FROM (TO) OTHER FUNDS**

General Fund:

Transfer from Private Purpose Trust Fund	<u>\$ 2,800</u>
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#### **NOTE G – NOTE RECEIVABLE**

The Revolving Loan Fund has a note receivable at March 31, 2006 with the balance of \$1,001 due from a private corporation. The remaining balance on the note is due April, 2006.

## **TOWNSHIP OF QUINCY**

### **NOTES TO FINANCIAL STATEMENTS – Continued FOR THE YEAR ENDED MARCH 31, 2006**

#### **NOTE H – RESTRICTED ASSETS**

Restricted assets, at March 31, 2006 are as follows:

Revolving Loan Fund:

Cash	\$ 67,195
Investments	9,311
Notes receivable	<u>1,001</u>
Total Revolving Loan Fund restricted assets	<u>\$ 77,507</u>

Restricted assets and reserved fund balance in the Revolving Loan Fund are for future loans.

#### **NOTE I – PENSION PLAN**

The Township maintains a defined contribution pension plan for all eligible employees. The Township employees must have attained 21 years of age with no minimum service requirements to become fully vested. The employees are required to contribute one-fourths of the premium. Employees may make further voluntary contributions in accordance with the plan.

The total covered payroll under the pension plan for 2006 amounted to \$63,587 compared to \$89,344 of total 2006 payroll.

The Township is required to make annual contributions to the plan based on percentages at different compensation levels. The required contribution made to the plan for the year ended March 31, 2006 amounted to \$4,034.

#### **NOTE J – RISK MANAGEMENT**

The Township of Quincy is exposed to various risks of loss related to property loss, torts, errors and omissions and employee injuries. The Township has purchased commercial insurance for the coverage of the above discussed events.

**TOWNSHIP OF QUINCY**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**GENERAL FUND**  
**FOR THE YEAR ENDED MARCH 31, 2006**

	<b>Budgeted Amounts</b>		<b>Actual</b>
	<b>Original</b>	<b>Final</b>	
<b>REVENUES</b>			
Taxes	\$ 129,800	\$ 129,800	\$ 95,457
Tax administration fee	25,000	25,000	32,136
Special assessments	19,270	19,270	10,607
Licenses and permits	20,300	20,300	25,716
State shared revenue	170,000	170,000	183,029
Charges for services	6,300	6,300	7,410
Interest earned	7,300	7,300	16,899
Reimbursements	500	500	8,604
Other	500	500	66
Total revenues	378,970	378,970	379,924
<b>EXPENDITURES</b>			
General government			
Township board	95,547	95,547	143,110
Supervisor	12,570	12,570	13,501
Elections	5,075	5,075	1,953
Assessor	22,950	22,950	23,696
Clerk	14,678	14,678	14,389
Treasurer	18,020	18,020	19,467
Cemetery	64,370	64,370	69,229
Total General government	233,210	233,210	285,345
Public safety			
Fire protection	50,000	50,000	45,564
Zoning and building	11,660	11,660	9,116
Total Public safety expenditures	61,660	61,660	54,680
Public works	57,000	57,000	25,005



**TOWNSHIP OF QUINCY****REQUIRED SUPPLEMENTAL INFORMATION****BUDGETARY COMPARISON SCHEDULE - Continued****GENERAL FUND****FOR THE YEAR ENDED MARCH 31, 2006**

	<b>Budgeted Amounts</b>		
	<b>Original</b>	<b>Final</b>	<b>Actual</b>
<b>EXPENDITURES - Continued</b>			
Cultural			
Library	18,600	18,600	24,418
Total expenditures	370,470	370,470	389,448
Excess (deficiency) of revenues over expenditures	8,500	8,500	(9,524)
<b>OTHER SOURCES</b>			
Transfers from other funds	-	-	2,800
Excess (deficiency) of revenues and other sources over expenditures	8,500	8,500	(6,724)
<b>FUND BALANCE - BEGINNING</b>	-	-	478,732
<b>FUND BALANCE - ENDING</b>	<u>\$ 8,500</u>	<u>\$ 8,500</u>	<u>\$ 472,008</u>

**TOWNSHIP OF QUINCY**  
**REQUIRED SUPPLEMENTAL INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**REVOLVING LOAN FUND**  
**FOR THE YEAR ENDED MARCH 31, 2006**

	<u>Budgeted Amounts</u>		
	<u>Original</u>	<u>Final</u>	<u>Actual</u>
<b>REVENUES</b>			
Interest earned	\$ -	\$ -	\$ 1,430
<b>EXPENDITURES</b>	<u>-</u>	<u>-</u>	<u>-</u>
Excess of revenues over expenditures	-	-	1,430
<b>FUND BALANCE - BEGINNING</b>	<u>-</u>	<u>-</u>	<u>76,077</u>
<b>FUND BALANCE - ENDING</b>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 77,507</u></u>

**TOWNSHIP OF QUINCY**  
**NOTES TO REQUIRED SUPPLEMENTAL INFORMATION**  
**FOR THE YEAR ENDED MARCH 31, 2006**

**NOTE A - COMPLIANCE WITH STATE REGULATIONS**

A comparison of actual results of operations to the budgeted amounts, at the level of control adopted by the Township, for the General Fund is presented as Required Supplemental Information. The budget is adopted on the functional level.

The State of Michigan requires a budget for all major special revenue funds. The Township did not adopt an annual budget for the Revolving Loan Fund.

During the year the Township incurred expenditures that were in excess of the amounts budgeted, as follows:

General Fund	Final Budget	Actual
Township board	\$ 95,547	\$ 143,110
Supervisor	\$ 12,570	\$ 13,501
Assessor	\$ 22,950	\$ 23,696
Treasurer	\$ 18,020	\$ 19,467
Cemetery	\$ 64,370	\$ 69,229
Library	\$ 18,600	\$ 24,418

**TOWNSHIP OF QUINCY**  
**OTHER SUPPLEMENTAL INFORMATION**  
**STATEMENT OF EXPENDITURES COMPARED TO BUDGET**  
**GENERAL FUND**  
**FOR THE YEAR ENDED MARCH 31, 2006**

	<b>Final Budget</b>	<b>Actual</b>	<b>Over (Under) Budget</b>
<b>GENERAL GOVERNMENT</b>			
Township board	\$ 95,547	\$ 143,110	\$ 47,563
Supervisor	12,570	13,501	931
Elections	5,075	1,953	(3,122)
Assessor	22,950	23,696	746
Clerk	14,678	14,389	(289)
Treasurer	18,020	19,467	1,447
Cemetery	64,370	69,229	4,859
 Total General Government expenditures	 233,210	 285,345	 52,135
<b>PUBLIC SAFETY</b>			
Fire protection	50,000	45,564	(4,436)
Zoning and building	11,660	9,116	(2,544)
 Total Public Safety expenditures	 61,660	 54,680	 (6,980)
<b>PUBLIC WORKS</b>	57,000	25,005	(31,995)
<b>CULTURAL</b>			
Library	18,600	24,418	5,818
 Total expenditures	 \$ 370,470	 \$ 389,448	 \$ 18,978

**TOWNSHIP OF QUINCY**  
**OTHER SUPPLEMENTAL INFORMATION**  
**COMBINING STATEMENT OF NET ASSETS**  
**FIDUCIARY FUNDS**  
**MARCH 31, 2006**

	<u>Agency</u>	<u>Tax Collection</u>	<u>Private Purpose Trust</u>	<u>Total</u>
<b>ASSETS</b>				
Cash	\$ 791	\$ 510	\$ -	\$ 1,301
Restricted assets:				
Cash	-	-	3,400	3,400
Investments	-	-	83,900	83,900
	<u>-</u>	<u>-</u>	<u>83,900</u>	<u>83,900</u>
Total assets	<u>\$ 791</u>	<u>\$ 510</u>	<u>\$ 87,300</u>	<u>\$ 88,601</u>
<b>LIABILITIES</b>				
Due to other funds	\$ -	\$ 510	\$ 5,200	\$ 5,710
Due to other governmental units	791	-	-	791
	<u>791</u>	<u>-</u>	<u>-</u>	<u>791</u>
Total liabilities	791	510	5,200	6,501
<b>NET ASSETS</b>				
Private Purpose Trust Fund	-	-	82,100	82,100
	<u>-</u>	<u>-</u>	<u>82,100</u>	<u>82,100</u>
Total liabilities and net assets	<u>\$ 791</u>	<u>\$ 510</u>	<u>\$ 87,300</u>	<u>\$ 88,601</u>

# Rumsey & Watkins, P.C.

Certified Public Accountants and Business Advisors

20 Tibbits Plaza \* Coldwater, Michigan 49036  
Phone (517) 279-7931 \* Fax (517) 278-7087

November 28, 2006

To the Members of the  
Township Board  
Township of Quincy  
Branch County, Michigan

During the 2005-2006 audit, we noted the following items that we would like to comment on further. Each item listed below was also noted in the prior year's management letter.

## **GENERAL LEDGER POSTING**

The records of the Township did not get to our firm until late November 2006. This appears to be because the general ledger is not kept up to date throughout the year. We recommend the Township receive training to become proficient in recording amounts in the accounting software purchased by the Township. Furthermore, we recommend the transactions be recorded every month with a corresponding bank reconciliation to keep the Township's records up to date and allow for useful and timely information for the Township Board Members.

## **COMPLIANCE WITH STATE REGULATIONS**

The State of Michigan requires that local units not incur expenditures in excess of the amount appropriated. The Township for the year ended March 31, 2006 incurred expenditures in excess of amounts appropriated at the functional level. We suggest the Township make budget amendments to adjust appropriations before expenditures are made.

## **BANK RECONCILIATIONS**

During the course of the audit, we noted that bank reconciliations for the General and Tax Collection Fund bank accounts were not completed on a monthly basis and a timely manner. We recommend that the bank reconciliations be completed on a monthly basis and reconciled to the general ledger.

## **BUDGETS**

The Township does not present beginning and ending fund balances when adopting their annual budget. The use of the beginning and ending fund balances should be included in the annual budget to determine the ending fund balance of each fund is in a positive state.

## **REVOLVING LOAN FUND**

Although the Revolving Loan Fund is currently only recording interest income on cash accounts and the note receivable, a separate formal approved budget is required by the State of Michigan. We recommend the Township prepare this budget annually when preparing the General Fund budget.

We would like to thank the Townships' officials Connie Karney and Gene Brand for their assistance during the audit. After reviewing this letter, we would be glad to discuss any of these matters further with you and assist in the implementation of any corrective actions.

A handwritten signature in cursive script that reads "Rumsey & Watkins P.C.".

RUMSEY & WATKINS, P.C.